

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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## LEAGUE ASSEMBLY TO CONVENE AT GENEVA

**Diplomats Representing 55 Nations to Take Up World Problems at Annual Session**

### COUNCIL MEETING IS EARLIER

**Functions of Secretariat and Work of Various Committees Analyzed**

The Assembly of the League of Nations will convene in annual session at Geneva on September 26. This gathering of the representatives of 55 nations of the world is one of the year's outstanding international events. Delegates from nearly every country come once every twelve months to the Swiss city to take part in a great political forum. Prime ministers, foreign ministers and diplomats of all ranks, bulwarked by impressive staffs of technical experts and advisers, all assemble at Geneva at this time of the year to discuss any and every problem of international concern.

#### THE ASSEMBLY

But September in Geneva means even more than this. Besides the Assembly, the Council, the executive organ of the League of Nations, is holding one of its three annual sessions. The Council always meets before the Assembly is convened in order to prepare the way for the larger body. And in addition to the Council a number of commissions established by the League are busy preparing reports on particular subjects. Lastly, the Secretariat, the permanent bureau which carries out the details of administration essential to the functioning of the League, is particularly busy putting everything in readiness for the coming session.

However, it is the Assembly rather than these auxiliary bodies which claims each year the preponderant share of attention. It is more colorful, more dramatic. Its proceedings are more open and less technical than those of the Council, committees and Secretariat. Each member of the League is usually represented, each has a voice in the session, each is given full opportunity through its delegation to express its views on almost any subject. It is perhaps in this that the largest value of the League lies. It is akin to a mammoth debating society. Statesmen meet and air their views, privately and publicly, on world problems. There takes place an exchange of ideas, an interchange of thought. This is an important service that the League renders. It brings international leaders together, and gives them the opportunity of better knowing and understanding each other.

The Assembly of the League of Nations meets each year to decide upon policies which, with certain exceptions, must have the unanimous approval of the member states before they may be adopted. It considers matters submitted to it by the Council and adopts or rejects reports drawn up by appointed commissions. It summons international conferences on specific subjects which demand consideration. Through its various organs it seeks to promote many things which are for the welfare of the world. Such subjects as disarmament, the drug traffic, health, com-

(Concluded on page 7)



PREMIER ELEUTHERIOS VENIZELOS

© Wide World Photos

## Venizelos, "Strong Man of Greece," to Face Political Foes in Coming Election

A complicated and extremely bitter political campaign is being fought in Greece in anticipation of the elections to be held next Sunday. On the one hand are the forces seeking to reestablish a monarchical form of government. Another powerful group is endeavoring to set up a military dictatorship for a period of five years. And in the center of the fray stands the man who has done more to shape the destinies of modern Greece than any other living person. He is Eleutherios Venizelos, present head of the government in Athens. He is carrying on a battle for his political life against those who are seeking to oust him from office.

Premier Venizelos is one of the few European statesmen still in public life who figured prominently before, during and after the war. As one of the four signers of the peace treaty who continue to retain power, he stands today as an important political figure. By his numerous activities, both in the field of national and international affairs, he has come to be known as the leading statesman of the Balkans.

A fiery revolutionist, an extreme nationalist, an adroit statesman, Venizelos has in no small way been responsible for the crumbling of thrones, the shaping of Greek history and the creation of harmonious relations with neighboring states. Most of his life has been devoted to the ideal of a "Greece for the Greeks." He started the

Panhellenic movement in Crete, his native land, long before the beginning of the World War.

Little by little he has completely transformed the former situation whereby more of his compatriots lived under foreign yoke than under Greek control. By means of secret organizations, carefully planned rebellions, and an abundance of political acumen he succeeded in annexing to the mother country Crete, other Aegean islands and a part of Macedonia. This was before the war. His great stroke came when, after a bitter struggle, he was able to throw the lot of Greece with that of the allies instead of the central powers. The liquidation of the war further added to Greek territory. With the later repatriation of Greeks from Asia Minor, Venizelos saw to a large degree the fulfillment of his Panhellenic dream.

Now, he is one of the most tenacious advocates of a union among the Balkan states. No longer is he the revolutionist of the Cretan rebellion and the Balkan wars. Perhaps his desire for peaceful relations comes from the need of prosperity for his own nation. Perhaps it is a sincere desire to prevent the outbreak of future wars in that corner of Europe. Perhaps Venizelos is content with what Greece now has. Whatever may be his motives, his every energy is bent upon this important program.

## PHASES OF BUSINESS DEPRESSION STUDIED

**Economic Balance Between Europe and United States Completely Disrupted by War**

### U. S. BECOMES GREAT CREDITOR

**Period of Prosperity Built upon Wide Use of Credit for Goods**

BY HAROLD G. MOULTON

That the condition of American business—agricultural, industrial, and financial—is of vital significance to the economic well-being of every one, is a painfully evident fact. Everywhere people are discussing the effects of the great depression and inquiring why something cannot be done about it. What are the causes of these economic disturbances which react so cruelly upon the lives of people? Whatever the causes, when may recovery be expected? Do the recent sharp advances in the security markets and the rise in the prices of certain basic commodities definitely foreshadow a real business revival? These are the questions which are being asked by every one.

In periods of prosperity one hears comparatively little discussion of economics. So long as prices are rising and wages and profits are increasing every one is comparatively content, and the discussion of economics is uninteresting to most people. They assume that the conditions obtaining are normal and permanent in character. It is only in periods of depression and distress that economics becomes important—and interesting. It is unfortunately the case, however, that business depressions are the result of antecedent maladjustments. There is no permanent solution of the problem of depression that does not involve also a solution of problems which arise during periods of prosperity. It is our purpose in this preliminary article to summarize—of necessity very briefly—the economic history of the last ten years, for all of this history, it will be found, has a bearing upon the world depression which began in 1929, and upon the problem of future prosperity.

#### EFFECTS OF THE WAR

The World War may be said to have had two profound economic effects. On the one hand, it produced an *unbalanced* state as between Europe and the rest of the world; on the other hand, it resulted in acute shortages in certain lines of production. We shall discuss each of these conditions in turn.

The lack of balance between Europe and the outside world, particularly the United States, was the natural consequence of the fact that Europe not only had to sacrifice her present wealth, but had also to mortgage her future in order to finance the war. The foreign investments of European countries were sold as a means of obtaining purchasing power; many private loans were negotiated through American bankers; and in due course the governments borrowed tremendous sums from the United States government. Thus the United States was converted from a debtor country to a creditor country, whereas the European countries were transformed wholly or in part from creditors to debtors. These financial shifts were accompanied by industrial changes of far-reaching significance. While European industry and



agriculture were languishing, except in certain war production lines, American industry and agriculture were being tremendously stimulated. The same was true, only in less degree, with other neutral countries.

In a sense, when the war was over the European countries had decreased productive power and at the same time greatly increased obligations which could be met only from the fruits of production. On the other hand, the United States had a greatly expanded production, but with reduced opportunities for sale abroad. For a brief interval in 1919-20 we made heavy sales to Europe on short-term credits for the purpose of enabling European countries to replenish empty larders. But thereafter until about 1924, our foreign sales were restricted because of the lack of adequate purchasing power in Europe, and the general economic instability which made the extension of foreign credits precarious. Before considering the next stage—1924 to 1929—we must discuss the second great result of the war mentioned above.

#### CONSTRUCTION ACTIVITIES

Throughout the period of American participation in the war, certain types of economic enterprise were perforce abandoned. The most important of these was the construction of new buildings. Aside from buildings required specifically for war purposes the great construction industry, which is one of the most basic in the country, was almost completely at a standstill. Office buildings, apartments, houses, public utility enterprises, industrial establishments, railroad lines, engineering works, and public roads were not constructed at anything like the normal rate. Moreover, the resumption of activities in the construction industry did not occur immediately after the war—for reasons which need not here be discussed. But suffice it to say that from about 1917 to 1922 a great gap was being created as a result of the war. In the belligerent countries of Europe this deficiency was even greater, particularly in industrial lines.

The early post-war boom, to which reference has been made, occurred in connection with the replacement of consumers' goods. It collapsed in May, 1920, and was followed by a severe depression which lasted until near the end of 1921. The recovery of 1922-24 was greatly facilitated by activities in the building industry. The shortage which existed led to a great housing boom which not only afforded a large volume of direct employment but, through its stimulating effects upon the many industries which produce commodities which enter into construction, it contributed enormously toward giving us general prosperity. Meanwhile, however, the restricted purchasing power of Europe and the recovery of agriculture elsewhere tended to depress the prices of American agricultural products and thus to militate against the development of widely diffused prosperity.

#### TEMPORARY REVIVAL

By 1924 plans had been worked out for the restoration of financial stability in Germany, Austria, and Hungary, which in the preceding two years had completely disintegrated financially; and also for the restoration of the gold standard in Europe generally. Currency and general financial stability was made the cornerstone on which general prosperity was to be erected. This involved the extension of credits by American banking and business interests for the reconstruction of Europe—that is, for the replenishment of depleted monetary supplies and for the rehabilitation of industrial and other establishments.

Just as in the war-time the extension of credits to Europe had given to foreigners enlarged purchasing power for our goods, so now the resumption of great European purchases stimulated American industry. Even agriculture benefited, as is evident from the fact that prices rose substantially above the level of 1921-23.

Meanwhile, the revival of construction in the United States was accelerated and broadened and became a veritable boom. The movement of population to suburban localities played a very important part in this development. Public credit was also

employed in unprecedented volume for the construction of public roads and other public works. Tying in with this development was the great expansion of the automobile industry—which was made possible by the prosperous conditions which prevailed.

#### PROSPERITY AND SPECULATION

Not only was the purchasing power of foreigners being greatly enlarged by international credits, not only were we utilizing public credit for the expansion of highways and other public improvements, but we were also utilizing instalment credit in exceptional degree as a means of ex-

was assumed that the expansion was soundly based and that it would continue for many years. This happy philosophy was naturally welcomed by great numbers of people who saw the opportunity of making fortunes by trading in securities. What these leaders failed to see was that foreign credits could not be continued indefinitely, particularly when we had a high tariff which prevented an increase of imported commodities by means of which alone interest on the foreign debts could be paid; and that purchasers on instalment would have in due course to restrict their purchases to the end that unpaid instalments might be met.



LOOKING DOWN WALL STREET, THE FINANCIAL HEART OF THE NATION

© Ewing Galloway

#### DECLINE AND FALL

To return to our point of departure, we may summarize the situation as follows: Europe's needs for reconstruction, coupled with the shortages which existed in certain lines in the United States, laid the basis for the enormous boom of 1925-29. Just as the demands of the war itself enormously stimulated the industrial activities of countries which were favorably situated to take advantage of the war, so the period of reconstruction itself resulted in a new stimulus to American industrial prosperity. These new European demands, however, could not prove permanent in character. As soon as European industries were reestablished, the borrowing would naturally diminish and at the same time European competition would become more effective. Moreover, in the event that European industries could not compete successfully in world markets, the difficulties which they would encounter in meeting the interest on their newly begotten indebtedness would serve to check further loan extensions.

As prosperity, which was now extended to all lines of activity save agriculture, expanded, the prices of securities in the markets rose rapidly. The advance in security prices might have been kept within bounds had the view not come to be held by many governmental, business, and financial leaders that we had entered upon a new economic era, in which old laws of economics would not apply. It

The expansion that was due to domestic factors was also based upon elements that were not of an enduring character. The mounting public indebtedness of states and local governments was necessitating increased tax resources, if financial solvency was to be maintained. Moreover, our needs for increased highways and other public works were growing less urgent; while the shortage in housing and other buildings which had existed for so many years was more than overcome by the enormous developments from 1925 to 1929. This is evident from the fact that, despite the efforts of those in the construction industries to continue the program, building permits were steadily declining for months before the stock market collapse of October, 1929.

While the immediate cause of the first break in the stock market was apparently the liquidation of securities by foreign holders who had reached the conclusion that the top had been reached, the factors of maladjustment which we have been discussing played a vitally important role in the events which followed. Space does not permit any detailed consideration of the successive stages through which the crisis and depression have passed. It must suffice to note that for the first year and a half there was a gradual decline of employment, of purchasing power, and of commodity prices, as one industry after another felt the effects of curtailed operations elsewhere. A depression once under way inevitably spreads throughout the entire industrial structure, for as each individual sustains losses, his purchases of other people's products are reduced. Misfortune is thus passed along, just as in periods of prosperity each person's good fortune is passed along, through the medium of increased purchases, to others.

#### THE SECOND STAGE

The second and the most acute stage of the depression began in the spring of 1931, and this was definitely related to the European situation. The financial difficulties which developed in Austria and Germany rendered impossible the meeting of reparation and other international obligations and threatened a new financial collapse. The lessening confidence in the economic and financial stability of Central Europe resulted in large withdrawals of foreign funds from Germany and in heavy transfers of liquid assets abroad by German citizens who feared a repetition of the tragic financial debacle of 1923.

The international repercussions which followed the German financial crisis reached dimensions which no one had conceived to be possible. The shock to public confidence as well as the direct effects upon international trade immediately increased the difficulties of maintaining financial stability in other countries. The resort to heroic fiscal measures by the British government, for example, produced an exchange panic in Great Britain and the Bank of England was forced to suspend specie payments and the export of gold in order to prevent a complete dissipation of the nation's gold supply. A number of other countries quickly restricted gold exports as a measure of defense or precaution; and thus the results of years of post-war endeavor to restore the gold exchange as the basis of sound international commercial and financial development were practically undone.

In the United States the effects were manifested perhaps most strikingly in the extraordinary decline of the value of securities, both foreign and domestic, and both stocks and bonds. Of more far-reaching importance was the threat to the gold standard in the United States. Over \$700,000,000 in gold flowed out of this country in a four-week period in the early autumn—the result of a withdrawal of bank deposits and the liquidation of investments by foreigners. While this drain was successfully met it produced a widespread feeling of panic and led to an enormous volume of hoarding—which in turn contributed to the difficulties of banks and the further demoralization of the security markets.

The effects upon agriculture and industry (Concluded on page 7, column 4)





THE BEAUTIFUL RHINE VALLEY IN GERMANY

The Rhine valley is famous throughout the world as a spot of great beauty. The winding river, rolling hills with castles on their slopes and a rich country-side all combine to make this part of Germany a mecca for all who visit Europe.

## Foreign Correspondence

We have many interesting and informative letters from our German correspondents, discussing the political situation in their country. One of these letters, written September 1, said that probably by the time the letter reached us the Reichstag would be dissolved. It happens that the dissolution came on the very day that the letter arrived. Here are some of the observations which this correspondent makes:

When you get this letter the Reichstag perhaps will be dissolved again. I am a democrat and so-called friend of the "Verfassung," but I think in such times as these one should not feel it necessary to carry out democratic methods in every detail; if necessary, one must have the courage to handle the situation according to his own convictions. When the Reichstag is dissolved, if we held an election as the law provides, then we would be in the same position shortly as we are today. So I think that when the government dissolves the Reichstag, then it must govern this winter without parliament. This isn't thought very democratic, I know, but I think there are not many other possibilities for Germany. The von Papen government did not have many friends when it came into power. But today many people think better of it. Last Sunday von Papen made a speech giving us his program for commerce and economy, which was a great success and which gave much hope for diminishing unemployment. But it is another question whether his program will have the same success as his speech. If we held elections today many people think that the Nazis for the first time would lose votes. In the last number of THE AMERICAN OBSERVER which I received, you wrote about the emergency decree against terror, etc. Perhaps you will have read that meanwhile five Nazis were condemned to death because of this emergency decree for killing in bestial manner a Communist. Most people, the press, and I myself, hold the opinion that one should not kill these five people, but that they should get penal servitude for life. Only the Nazis wish that they might be freed completely. But many people who liked Hitler were much disappointed by a telegram which Hitler sent to these five murderers in which he called them "his comrades" and "national heroes of liberty."

In the same letter there is an account of a trip through the Rhine country. As the picture on this page indicates, there are many old towns and villages along the Rhine—places which differ materially from the great industrial cities of Germany. It is interesting, then, to have the impressions of a German relative to opinion and customs in the Rhine villages:

Some time ago I bought a used motor-car with a friend and now we are often away and so I know the Rhineland rather well considering the short time I have been here. I have seen a lot of old cities, of which there are many in Germany. It is interesting to see other people, especially at election time. It was quite different in the factory towns—sometimes they were all Communists, sometimes Nazis. During the last few weeks the socialists carried on a great deal of propaganda and one could see the success of it. If there were flags—and nearly every Sunday you see flags in some towns and villages, because there is some festival—you

see mostly neutral flags of the town or province, then some old German Black-white-red and nearly no Black-red-golden. Sometimes one sees not one Black-red-golden; seldom does one see all houses flagged with it. In the Rhineland one wishes to have festivals. There are a lot of Catholic holidays, then there may be a jubilee for the founding of the church twenty years ago, or there may be a "Schutzenfest." That is one of the most important holidays here, though I didn't know it in Berlin. Each village, and in larger cities like Düsseldorf each quarter of the town, has a society of friends of the shooting-sport. Every year there is a great contest in which one certain shot must be made, and the first who makes this shot will be "shooters-king" for the next year. This contest—which is more a festival than a contest—lasts nearly a week and is the only thing of interest in this quarter. I have heard that the election of the king is not always very sincere, for one seeks rich people to finance the big festival. Half an hour from Düsseldorf there is an old town, Neuss on the Rhine, where the most famous "Shooters-festival" is held; there the mayor of the town and the president of the province of Cologne come to it. There you will see many people with not half a dollar in their pockets, unemployed and far from their homes, but they would not miss taking part in the fest. I was much astonished when I saw what an important thing such a festival is in a big town like Düsseldorf.

Another correspondent, who lives in Königsberg, which is in East Prussia, has this to say about the present political crisis:

As you know, the Reichstag began its new session on August 30, when the new president was elected. The new president is a National-Socialist, Mr. Goering, and his assistants are Centrists and the Nationalists of Mr. Hugenberg. You know also that our government is a so-called Praesidial-government, which is supported only by President Hindenburg. The question is now if this government will remain, for the Nazis and Centrists have had conferences, to form a government which will have the support of the German Parliament. These two parties have a clear majority in the Reichstag. A refusal of Hindenburg will bring civil war. Hindenburg has this thesis: No government which is dependent upon a party! That is all right as long as a majority which will work for the Reich is not to be found in the Parliament. If the conferences between the delegates of the two parties are successful, I think it would be better for Papen and his government to resign. Germany has a democratic system and Hindenburg, who has shown himself as the guardian of the constitution of Weimar, will not support any action against it. And if Papen should remain chancellor, although there is a majority in the Reichstag, that would be against the constitution.

Chancellor Papen made a fine speech at Münster last Sunday, which is in-

deed not without effect upon the population. But his program exists only on paper and before one can pass sentence on its worthiness, one must wait for its being put into practice.

During my vacations, which I spend at my uncle's farm in the province, I have got the impression that the farmers are in the majority for Papen, even those who voted in the last election for Hitler. However, to say that the Hitler movement will suffer a loss of votes, that is still too uncertain.

It is pleasant, sometimes, to turn away from politics and get a glimpse of foreign people as human beings whose problems, many of them non-political, are similar to our own. Many of the Germans speak of the great heat wave which they have endured this summer. One of our correspondents speaks of his experience in this lighter vein:

We have had a great "heat-wave" here which has seemed almost unbearable, so that all of the people's energy seemed to have disappeared. Our pupils had the best of it for they were released from school; there was grateful feeling towards this nature-phenomenon. We had to work at home and in the garden, for the weeds had spread over all the garden, and when you will reap you must first see that all is kept in good order. I do not know if I have already told you that my class is attended by 50 pupils, boys and girls, and all these merry children don't spare me. There is always much work to do; there is no want of work! You see, therefore, that I can't worry about unemployment! This question is to be solved, but I think this will cost much exertion. Our new Reichs-Regierung will take pains to master this problem; it will not succeed at one stroke, but a beginning is being made.

From England comes this picture of conditions prevailing in the villages of Gloucestershire:

... it is one of those urban-rural areas, so numerous in England, where one cannot say where the town ends and the country begins. In the Dean, the urban part is provided by the coal-pits, the rural by the woodland and the miners' small holdings and orchards. There are roads and villages everywhere, but the forest makes the whole beautiful. The people are mostly poor, yet there is no real poverty; most are working and the countryside is thriving. Very few own motor-cars, but there are motor-buses along most of the roads.

## CHILE

With planes flying over the presidential palace in Santiago, Chile, threatening to start bombing if he did not resign, President Carlos Davila on September 13 relinquished the office he has held since June. General Bartolome Blanche, head of the Chilean army, assumed the direction of the government, thus restoring power once more to the military powers of Chile.

This upsetting of the Davila government has been attributed to general dissatisfaction with the manner in which it has been conducting the affairs of state during the past three months. Pledged to the reshaping of the industries of Chile along more socialistic lines, Davila is said by his opponents to have done nothing save pursue the policies of previous administrations. The army, now in control, has announced its intention of maintaining order until general elections are held next month.



—From London Daily Telegraph  
AN ENGLISH COUNTRY TOWN

## THOUGHTS AND SMILES

A woman doctor of science in the Bureau of Fisheries has devised an anesthetic for oysters. Imagine wasting time on something quiet and inoffensive while so many politicians are roaming at large!

—New York SUN

It may be true that going without hats affects men mentally. At least, we suspect the habit has driven some hatmakers nearly crazy.

—Miami Daily News

What we can't get into our head is why do economists call an American tourist, joyously and noisily spending his dough in Europe, with checkered golf togs and a hectic flush, why, we ask, do they call him an "invisible export."

—Chicago Tribune

Hogs have been flying high for some time and now even pig iron is soaring.

—Washington Post

While we are still discussing methods of dealing with the depression of the last three years, we are emerging, or about to emerge from it, unprovided with any method of dealing with the boom into which we will move as heretofore, to be followed inevitably and probably more rapidly by another depression.

—Harvey N. Davis

There is a defense. The Kansas City Star tells of a spellbinder on his way to make the principal ballyhoo at a political shindig, who was stung on the lip by a wasp.

—Philadelphia Inquirer

Mr. Curtis sat and listened to the Senate for four years and still he wants to be Vice-President again.

—New York Herald-Tribune

The fellows who didn't get a vacation this season are hoping their luck will hold.

—Montana Record-Herald

Many insanitary old-timers lived long, which teaches us that germs of that era were weaklings or else just gave up in disgust.

—Buffalo Evening News

"To think twice," said Hi Ho, the sage of Chinatown, "is well, unless the effort needs so much time that an emergency is allowed to pass without action."

—Washington Star

China wants to swap its nitrates for wheat, farm tools or what have you. Here y'are, Chile—how about marbles, on the basis of six nitrates for two glassies and an agate?

—Philadelphia Inquirer

Words are like leaves; and where they most abound, much fruit of sense beneath is rarely found.

—Pope

A contemporary observes that politics makes strange bedfellows. But they soon get used to the same bunk.

—London Punch

Now a lot of us wish we had bought stamps when they were down to par.

—New York Herald-Tribune

**PRONUNCIATIONS:** Gran Chaco (grahn chah'ko), Boqueron (bo'kay-ron—o as in go), Davila (dah'vee-la), Bartolome Blanche (bar-to-lo-may' blahn'chay), Haitian (hay'tee-an), Hirohito (hee-ro-hee-to—o as in go), Goering (gu'ring—g as in get, u as in burn), Jose Ortega y Gasset (ho-say' or-tay'ga ee gahs'say), Eleutherios Venizelos (ay-loo-thay'ree-os vay'nee-zay'los).



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### REVIEW OF THE WEEK

REAT political significance is attached to the election of state officers which occurred in Maine on September 12. Maine, like the other states, votes for presidential electors in November, but the governor and other state officers, together with the state's quota of congressmen, are elected regularly in September. This election, coming as it does about two months previous to the general election throughout the nation, is watched closely for signs of a trend in public sentiment. "As Maine goes, so goes the nation" has always been the slogan of the Republicans, for Maine is one of the most overwhelmingly Republican states in the Union, and the members of that party like to think after the September poll in the Pine State, that the national result will be similar the following November. As a matter of fact, Maine has seldom gone Democratic. It elected a Democratic governor in 1880 when the "Greenback" movement took many votes away from the Republican Party. It was carried by the Democrats again in 1910 when the Progressive movement was beginning to sweep the country. And it went Democratic again in 1912 and in 1914, when there were three parties in the field—the Republican, the Progressive and the Democratic. Since then it has been Republican. Four years ago the Republican candidate for governor was elected by more than 80,000 votes.

This year the national committees of both parties worked hard to make a good showing in Maine. The situation in the nation is admittedly uncertain. For many years the country has normally been Republican, but there is much discontent owing to the depression, and Democrats entered the 1932 campaign with high hopes that this discontent might result in Democratic victory. Returns from Maine were therefore anxiously awaited to see whether they gave indication of a trend away from the Republican Party.

The results surprised even the Democrats, for they elected a governor and two of the three members of Congress. Dem-

ocratic leaders have hailed this as an almost certain promise of Roosevelt's election in November. The Republicans admit that the Maine result is a stunning blow. But they console themselves with the thought that sentiment sometimes changes swiftly between September and November. The Republican leaders are talking now of carrying on a more active campaign than they had planned, in the hope of stemming the tide which seems, if one may judge by the Maine results, to be running against them. The New York *Herald-Tribune*, one of the leading Republican newspapers, says editorially:

The striking victory of the Democrats in Maine is a challenge to Republicanism the country over. No intelligent leader will seek to minimize its significance. Unmistakably a depression psychology still ruled the minds of these voters. . . . The challenge arrives with eight weeks of the campaign remaining, an unmistakable upturn in business sentiment fighting on the side of the party in power as strongly as the past years of depression have aided the party out of power.

THE bonus question has been brought into prominence again. So has the question as to the wisdom of the government in evicting the so-called "bonus army" from Washington on July 28. These issues have been raised anew as a result of two developments: First, the American Legion has held its national convention in Portland, Oregon, and the bonus problem dominated the session. Second, Attorney General Mitchell issued a report justifying the eviction of the bonus army.

The Department of Justice began an investigation of the circumstances leading to the driving out of the bonus marchers by the troops the day after that event. Attorney General Mitchell reported the results of the inquiry on September 12. Here are the outstanding facts reported in his statement:

A large number of the men in the bonus army were never in the United States army. Many of them were Communists. A little more than a fifth of the men had, previous to their entry into Washington, been accused of crime, and more than 17 per cent of them had been convicted of crime. The coming of the army brought into the capital the greatest aggregation of criminals it had ever seen. Conditions in the camps were unsanitary and threatened the health of the community. The men were given due warning before they were evicted, and the calling out of the troops came only after Major Glassford, superintendent of police, had declared that the city police could no longer cope with the situation.

Major Glassford at once issued a reply. He did not go into the question as to what the police records of the men were up to the time they came to Washington, but he contended that after their appearance in the capital they were orderly and well behaved. He declared that there was less crime in Washington during the two months the men were here than there was in the month of August after they had left. He declared that there were very few Communists and that the presence of these few radicals was resented by the bonus army leaders and by most of the men. In support of his contention that the conduct of the bonus marchers in Washington was satisfactory, he quoted as follows from the *Washington Star*:

In the manner of their acceptance of the defeat of the bonus bill, administered with such decisive finality by a heavy coalition majority of the Senate yesterday, the veterans who besieged the Capitol in a dramatic show of strength won a great victory.

Their victory was one that re-

sults from good discipline, and a good discipline is only possible among good soldiers. There was a deep murmur that grew as it spread through the ranks after announcement of the vote from the steps of the Capitol. But a moment later heads were bared and the soldiers sang "America." Within a few minutes the straggling columns were moving from the Capitol grounds, back to camp across the river. Nothing quite like it has ever happened in America. These men wrote a new chapter on patriotism of which their countrymen may well be proud.

Major Glassford denied that he had said the situation was out of his hands. It appears that the contradiction between the attorney general and Major Glassford as to whether the latter had called for the troops arises from this situation: Major Glassford said that he could hold the ground already taken and prevent disorder without the aid of troops, but that if the work of evicting the bonus army from other camps in the city was to proceed, the police would be unequal to the task. The District commissioners and the officials of the Hoover administration thought that the work of eviction should continue. Hence they called the troops.

AS HAD been expected, the German Reichstag was dissolved by presidential decree on Monday, September 12. But the exact moment of its dissolution and the confused situation which developed came as a complete surprise. The crisis was precipitated by a sudden Communist motion that a vote be taken on the emergency economic and social decrees which von Papen has put into effect to restore German prosperity. No one arose to make objection to the motion, not even the Centrists who were desirous of keeping the Reichstag in session. And strangely enough the Nationalists who support the government did not undertake to combat the astute Communist attack. It therefore became necessary to take a vote.

Chancellor von Papen lost no time in asking permission to address the body, and drew from a red brief case the signed decree dissolving the Reichstag which the president had given him a week before. But Captain Herman Goering, Hitlerite president of the Reichstag, refused to give the chancellor permission to speak, and amid tumult and confusion counted the votes. The result was 513 to 32 against the government.

However, von Papen promptly refused to recognize this ballot, holding that the Reichstag had already been dissolved and that therefore the vote was illegal. Captain Goering insisted that it was legal and that the cabinet had been overthrown and it seemed that the matter would have to be referred to the courts. But the Centrists and Socialists came to the conclusion that the cabinet's action in summarily dissolving the Reichstag was legal and the National Socialists were prevailed upon to yield. The victors for the day were the Communists who had succeeded in completely disrupting the German political situation.

According to the constitution, new elections for the Reichstag must be held within sixty days of dissolution of that body. This means that by the middle of November, the German people must again go to the polls to vote for Reichstag deputies. The campaign will probably be as bitter as any Germany has ever seen.

DESPITE efforts on the part of the League of Nations Council and the American nations, Paraguay and Bolivia intensified their military operations in the disputed Gran Chaco region last week. Fighting has centered around Fort Boqueron, a strategic position held by the Bolivians. The commission of neutrals, composed of representatives of the United States, Colombia, Cuba, Mexico and Uruguay, has been trying to bring to an end



PRUNING  
—Kirby in N. Y. WORLD-TELEGRAM

the dispute since early August. Last week, it urged the ABC powers—Argentina, Brazil and Chile—as well as Peru, all neighbors of the disputants, to exert their influence in restoring peace in the Gran Chaco region.

REPRESENTATIVES of nine western and middle-western states met in Sioux City on September 9 to consider methods of rehabilitating agriculture. The conference was called during the recent farm "strike," the effort of farmers in that region to raise prices by forcefully keeping produce from reaching the markets. After hearing recommendations by various farm groups, the governors' conference adopted a number of specific proposals which are to be presented to the president and Congress.

The principal recommendations include: readjustment of the American tariff so as to give equality of treatment to agriculture and to lessen the burden of foreign competition; an expansion of the currency so as to increase commodity prices and ease the debt situation; the refinancing of farmers' debts at a lower rate of interest; a moratorium on farm mortgage foreclosures until Congress reconvenes; and legislation designed to raise the domestic price of farm products. A proposal for a general embargo on farm produce as a means of raising prices was pressed by farm groups but was not accepted by the the governors' conference.

ON September 9, the Spanish Cortes, or legislative assembly, adjourned after a continuous session of fourteen months. During that time, a new constitution has been drafted and accepted and reforms of a revolutionary nature have been enacted. More than 200 laws were passed by the Cortes.

In addition to the drafting of the federal constitution, the outstanding accomplishments of the session were the granting of autonomy to the state of Catalonia and the enactment of a land reform bill. The settlement of the Catalonia dispute, a source of friction between Madrid and Barcelona for more than fifty years, is considered as a new step in decentralization of government. The new statute provides that, with a few limitations, the Catalans will be able to direct their own affairs. It is a complete reversal of the tendency toward greater centralization which has become increasingly prevalent throughout the nations of Europe.

The land reform bill deals a heavy blow to the nobility and aristocracy. It transfers title to thousands of acres of land from the upper classes to the peasantry. These expropriated lands will be divided among farm laborers who have no land of their own and small landowners who possess no more than ten acres. Only in Soviet Russia has a reform of this nature been adopted during recent years.



STOP, LOOK, LISTEN!

—Sykes in N. Y. EVENING POST



## WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

AN examination made several years ago of the social science courses as taught in the schools of the nation revealed a state of confusion. It was found that no standards for the different grades had yet come to be recognized. There prevailed such a lack of uniformity of practice as to suggest the utter failure of educators to agree upon the objectives of social science teaching. What, after all, should it mean to an individual to have received instruction in history or civics or economics or sociology? How might these objectives, once determined upon, be realized?

The AMERICAN HISTORICAL ASSOCIATION set out to study this problem. A committee known as The Commission of Social Studies was organized. This Commission, after two years of thought and discussion, came to certain conclusions. It was decided that the points of agreement relative to desirable goals in the teaching of the social sciences should be set forth in a preliminary report and that a number of volumes, dealing with specific problems, should follow. This preliminary report has been prepared by a member of the Commission, CHARLES A. BEARD, and it has been published under the title, "A CHARTER FOR THE SOCIAL SCIENCES." (New York: Charles Scribner and Sons. \$1.25).

This "Charter" is more than a statement of conclusions. It is a philosophic and spirited inquiry into the purposes of education and particularly of training in the field of social science. It is a brilliant examination of the functions of social education in a complex and changing society. It is an analysis of attainable aims, as practical as it is inspiring. Here are some of the conclusions which are reached:

The disinterested pursuit of truth is an objective of social science teaching. Important social facts having to do with past and present, must be brought to light. But facts are not to be ferreted out blindly. There must be a selection of materials which take into account the requirements of life in present-day society. Account must be taken of ideas as well as external events, for ideas are moving forces in society. There should be a study of contemporary problems but undue stress should not be laid upon the present for "the historical records of human experience" should not be lost to sight. Account should be taken of the fact that we operate on a world stage and that we live in a society of change. "What is potential, as well as what is, must enter into civic instruction if it is to be more than a sterile transmission of acquired customs and habits." In dealing with controversial questions, fairness, toleration and liberal-mindedness

should be encouraged. Appreciation of the beautiful, and the meritorious use of leisure must be recognized as civic virtues fit to be encouraged by social science studies. Care should be taken not to transmit records merely of materialistic contributions. Achievements outside the realms of wealth or power should have attention. The social studies should open up new fields of investigation, should inspire to further study, and should strive to transmit skill in the carrying out of the wider inquiries. Finally, civic studies should lead young citizens not merely to observe events but to participate in the formation of opinion and the control of affairs.

This is a fragmentary analysis of the contents of "The Charter." DR. BEARD stresses the necessity of keeping in mind requirements of citizenship such as that found in America today and in the America of the future. He emphasizes the fact that we should not be satisfied with traditional materials in the conventional social science fields but that we should, at all times, measure the effectiveness of instruction in social science by the contribution which is made to good living and to civic efficiency under prevailing social conditions. "The Charter" is significant in its indication of a widening in perspective on the part of historians. The book should have great value as a guide to all teachers and students, for it sets forth many of the objectives, not only of social science, but of a general education.

In the *New York Herald-Tribune Magazine* for September 11, there is a personal sketch of one of America's most accomplished and influential editors, WALTER LIPPMANN. MR. LIPPMANN has come to occupy a unique place in American journalism. He is an outstanding representative of an almost extinct species, the personal journalist who writes over his own signature, who has a personal following and is a molder of opinion. He is not swallowed up in a great organization. He writes editorials for a syndicate of newspapers, the combined circulation of which is about six million.

MR. LIPPMANN's career holds especial interest for students. The young man or woman who is well along in the college course without having determined definitely and certainly upon a career may take comfort in the fact that such was WALTER LIPPMANN's situation when he was midway in his college course. He had hoped to be a painter, and a secondary interest was philosophy. Then quite by accident he was thrown into the study of economics and politics. He was present

one time at a fire in a poor district and was impressed by the despair of men and women over the loss of ragged apparel and other trifles. His sympathies were touched. He determined to do something to correct the ills of society. He studied economics and politics and within a year after leaving Harvard he had a responsible position. Within two years he had written a book, "The Preface to Politics," which commanded a wide reading. And here is the second fact which may prove inspiring to students everywhere: He did not wait until the years flew by before he began to make his contribution. He was doing responsible work, literary and otherwise, when he was hardly out of school.

His progress since that time has been continuous; an editor of the *New Republic*, editor of the *New York World*, and now independent editorial writer, serving millions every day. And yet MR. LIPPMANN is a comparatively young man—but forty-three years old.

JOSE ORTEGA Y GASSET, a professor of philosophy in the University of Madrid, has written a very thoughtful book which has just been translated into English, with the title "THE REVOLT OF THE MASSES" (New York: W. W. Norton. \$2.75). PROFESSOR ORTEGA does not confine his interest to academic activities but takes an active part in practical politics. He is one of the leaders in the present-day Spanish liberalism. He is one of the founders of the Republic and a member of the Spanish parliament. He is not certain, however, about the future of democracy. Or, for that matter, about the future of civilization. He thinks that modern society has reached a critical position during the last half century or so. Here are some of the steps in his argument:

Heretofore, mankind has been led and institutions have been fashioned by outstanding and distinctive personalities. The masses have followed more or less submissively. By "masses" ORTEGA does not mean workmen or poor people, necessarily, but those who are commonplace, who are satisfied with their attainments, who do not shape themselves into distinctive molds. During the nineteenth century these uncritical masses, for the first time, came into a comfortable economic condition. This was a result, not of their own efforts, but of the inventions and other contributions of leaders. But the masses reaped the benefit. They are still satisfied with themselves. They are like spoiled children, enjoying the fruits of others' labor, not appreciating them and not knowing from whence the fruits come. Now for the first time these masses, these ordinary undistinguished people, are coming to assume places in society heretofore filled by the more distinguished. They are imposing their standards and wills upon society and herein lies a threat against future progress—something which the world has never seen before.

This Spanish philosopher sees the approach to something like chaos in Europe and the rest of the world. The European nations are no

longer looked to for leadership by the world. They have lost confidence in themselves. They are generally thought to be decadent. The reason is not that they are less energetic or less intelligent or less well versed in the arts of civilization, but rather that they are cramped by narrow nationalism. Economic and social institutions have come to the place where they cannot operate freely and progressively except on something like a world scale, and yet they are tied down by national barriers, so that in place of an expanding and progressive civilization there is stagnation, loss of confidence, loss of leadership, and possibly eventually chaos.

One cannot do justice to a book of this kind in a few paragraphs, nor can he determine its full significance by a hurried reading. It is a book to be read slowly and carefully and thoughtfully.

Another prize novel, this one winner of the Atlantic \$10,000 prize, is "PEKING PICNIC" by ANN BRIDGE (Boston: Little, Brown and Company. \$2.50). Unlike many books the setting of which is laid in foreign lands, this novel has a well-rounded story

which holds the reader from start to finish. Never once does the author forget that she is writing a novel and not a travel book, although she makes adequate use of the exotic surroundings of China to lend vividness and color to her plot.

This is a story of legation life in China. The principal characters are all connected, directly or indirectly, with the diplomatic service. French, British and Americans are the important actors, the Chinese serving only as a background. Yet these representatives of western civilization are made to stand out in striking contrast to the ancient temples near Peking, the glimpses of Buddhist philosophy and the present-day political instability as manifested by the movements of bandits.

Practically all the action takes place during a week-end picnic not far from Peking. During these few days, MISS BRIDGE develops not only an extremely interesting plot but also succeeds in unveiling the psychological and emotional make-up of her set of characters. The heroine, wife of an official at the British legation in Peking, serves as a point of contact between the individual characters and the reader. By means of numerous conversations, the differences of philosophy and outlook are unfolded until at the end of the picnic one knows rather well each of the main actors.

Perhaps the chief flaw in this work is a slight tendency to exaggerate for dramatic effect. The scene in which the picnickers are captured by a group of Chinese bandits and the almost miraculous way in which they are delivered is slightly overdone and lacks a certain sense of reality. But defects such as these are more than offset by the other numerous qualities of which the almost perfect balance is the most notable of this exceptional and outstanding book.

The *New York Times*, speaking of Mayor McKee's action in receiving Communists and hearing their complaints, says:

The whole episode was of happy augury, revealing at once the new spirit which reigns in the City Hall and also reinforcing the belief that in dealing with the Communists a policy of excessive fright and severe repression is not the wisest one. They are, as citizens, no matter how wild their views, entitled to be heard, though they must be given to understand that anything like rioting or sedition will be put down sternly. The new Mayor inspired fresh confidence by the calm and effective way in which he dealt with a situation which seemed like a nettle until it was good-humoredly and adroitly grasped.



WALTER LIPPMANN



© Ewing Galloway

People congregate in crowds more than they formerly did. They assemble in masses for purpose of recreation, amusement, politics and so forth. They impose their standards upon their communities. This is the argument of Professor Jose Ortega y Gasset.





THE teacher or student of history, as he proceeds down the years and the centuries, will find quite frequently that he appears to be treading familiar ground.

He will come upon social, economic or political facts reminding him of facts with which he is acquainted from a study of some earlier century. He will discover that some problem is recurring again and again, ever in a different garb but always similar in essence. He will come upon other events which were mere incidents of their own time; incidents which have no significance when taken out of their immediate environments.

The meaningful study of history implies a selection of the more universal elements; of those developments or movements, or problems which are ever recurring; of those social issues which are so common to associated human beings that they are found here and there from century to century—issues that in one form or another are continuous in nature. The examination of those events or movements which have permanent significance is not, of course, the sole object of the study of history. If one is studying a period, he may wish to see it in its entirety. He may give attention to the trivial and transitory, as well as the significant and enduring. Thus only can the reader of history orient himself and come to an understanding of the period. But the emphasis of the serious student of history will lie upon situations which have a long-time interest; which, when seen in perspective, appear meaningful. When we approach a period of history, however remote, we may give chief attention to those problems or facts which, though in other forms, may be discussed in our own time.

Such is the attitude toward history which we undertake to encourage in this department of THE AMERICAN OBSERVER known as "Social Science Backgrounds." Three weeks ago our field was the earliest period of American history, the epoch of discovery and exploration. We recommended that the discovery of America and the early exploration of these western shores be studied, not as isolated incidents, but as a chapter in the history of human migration. We pointed out the fact that these early movements marked the beginning of a new epoch in world history, the period of oceanic migrations. We showed, further, that this great epoch of migration, which began in the age of discovery, is drawing to an end in our own day. One, therefore, who studies the early American discoveries and explorations, is dealing with an early phase of a movement which, in its later phases, reaches to the second decade of the nineteenth century.

Two weeks ago we picked out another problem of enduring significance from the same historical period. We discussed the fact that the discoveries, the explorations, and the settlements of four centuries ago were expressions of an expansive movement, known in its entirety as the Renaissance. We argued that the pulsations of history, which bring us repeatedly to periods of great transformations of society, are permanent and continuing. We examined evidence as to whether, at this moment, we may be passing through a similar epoch of transformation—one which may produce changes in society comparable to those wrought by the Renaissance.

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By David S. Muzzey and Walter E. Myer

Last week we raised the question as to why it was that England alone among the nations successfully colonized the western hemisphere and extended her institutions across the seas. We referred to the fact that nations are ever coming to great emergencies and great opportunities. It is a fact of history that they are sometimes prepared and that sometimes crises find them unready. We studied the elements in England's situation that made for her success when the crisis of a new world to conquer came to her. We then examined very briefly the evidence as to whether the modern world is today confronted by a crisis and an opportunity comparable to that which the newly established nations met in the seventeenth century.

This week we are still concerned with the early period of colonization in America. That is the period which American history classes all over the nation are now approaching. As we study the early development of the colonies in Virginia and New England, where should our emphasis lie? What facts having permanent interest and significance may we glean from the records of those early colonial days? Let us study the way the people made their living in the different colonies and the way this difference in occupation affected the social and political life. We find, for example, that in Virginia the raising of tobacco became the chief occupation, and that this gave form and direction to the developing civilization of that region.

Colonial  
Industrial  
Life

Beard and Beard say in "The Rise of American Civilization":

In addition to bringing quick prosperity, tobacco gave a decided bent to the course of social development in the South; it determined that the land, especially on the seaboard, should be tilled primarily, not by small freeholders such as settled in New England, but rather by servile labor directed by the lords of great estates, with all the implications, legal, moral, and intellectual, thereunto appertaining. So the tobacco plant unfolding its broad leaves in the moist air and hot sun of Virginia gave a direction to economy that was big with fate.

Some of the social effects are indicated by L. G. Tyler in "England in America":

In striking contrast to New England was the absence of towns, due mainly to two reasons—first, the wealth of watercourses, which enabled every planter of means to ship his products from his own wharf; and, secondly, the culture of tobacco, which scattered the people in a continual search for new and richer lands. This rural life, while it hindered coöperation, promoted a spirit of independence among the whites of all classes which counteracted the aristocratic form of government. The colony was essentially a democracy, for though the chief offices in the counties and the colony at large were held by a few families, the people were protected by a popular House of Burgesses, which till 1736 was practically established on manhood suffrage. Negro slavery tended to increase this independence by making race and not wealth the great distinction; and the ultimate result was seen after 1792, when Virginia became the headquarters of the Democratic-Republican party—the party of popular ideas.

The same author has this to say about the New England life, as distinguished from that of Virginia:

All the conditions of New England tended to compress population into small areas and to force the energies of the people into trade. Ship-building was an early industry, and New England ships vied with the ships of Holland and England in visiting distant countries for commerce. Manufacturing found early encouragement, and in 1639 a number of clothiers from Yorkshire set up a fulling-mill at Rowley. A glass factory was established at Salem in 1641, and iron works at Lynn in 1643, under the management of Joseph Jenks. The keenness of the New-Englander in bargains and business became famous.

In Massachusetts the town was the unit of representation and taxation, and in local matters it governed itself. The first town government appears to have been that of Dorchester, where the inhabitants agreed, October 8, 1633, to hold a weekly meeting "to settle and set down such orders as may tend to the general good." Not long after a similar meeting was held in Watertown, and the system speedily spread to the other towns. The plan of appointing a body of "townsmen," or selectmen, to sit between meetings of the towns began in February, 1635, in Charlestown.

So we see here two very different kinds of communities, and yet it was not the intention of the founders that they should be different. The founders did not plan one or the other sort of social life. It simply grew up in each case as a product of the industrial development.

And in our own age we witness throughout the western world a change in ways of living and thinking. Civilization itself is changing. During the last hundred years there has been a rapid mechanization of industry. Lately it has been proceeding more swiftly than ever, and great changes have come about.

Some of these changes may be seen in rapidly growing populations, in great increase of wealth, in the development of specialists and machine workers, and perhaps as significant as any, the unsettling of economic society. Industry is less stable; machines are displacing men; technological unemployment, or the unemployment of millions because of the rapid introduction of machinery, has become one of the great problems facing mankind.

These are only a few of the transformations which have come in comparatively recent times. They are changing the nature of society. They are changing the characteristics of individuals, and yet they are not planned. The situation is like it was in early Virginia and early New England. Social and political consequences are flowing from industrial developments, and yet those responsible for industrial developments have no thought whatever of these vast social consequences.

So we will see that in a study of the haphazard, hit or miss development of social and political conditions in an unplanned way, we are dealing with something of permanent and continuing significance. We are studying the workings of this kind of development when we read about the growth of the different colonies of America. And we are dealing with the same problem when we turn our attention to the industrial developments of our own day.

Perhaps sometime we will cease to look upon the creation of social and cultural situations as by-products of industry. Perhaps some time we will plan in advance the kind of social situations we wish to have, and will select industrial systems which will promote our ideal societies. Thoughtful people are beginning to discuss such a possibility. It is one of the challenges of the future.

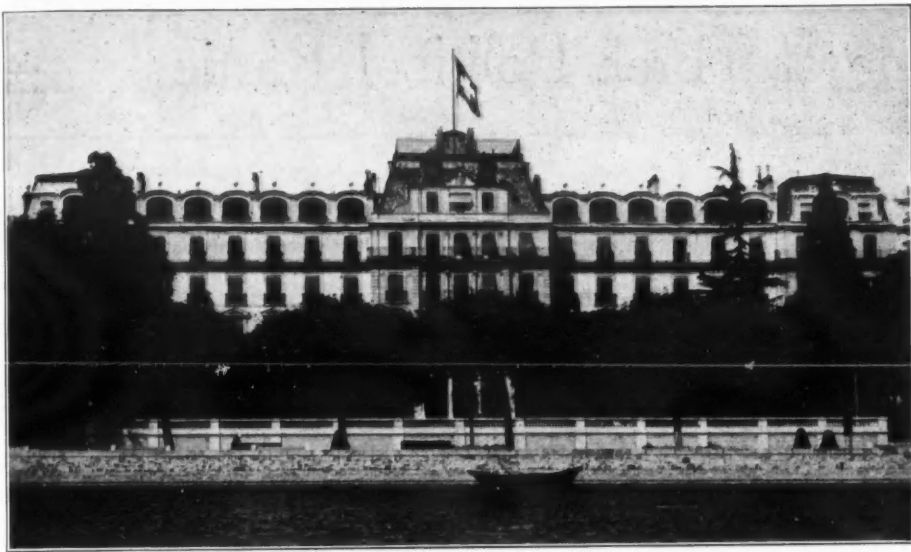


A COLONIAL CABINET MAKER

—Culver Service

Hand-tool industry prevailed in New England and helped to shape social and political conditions different from those which prevailed in tobacco-growing Virginia.





THE LEAGUE OF NATIONS PALACE IN GENEVA

## LEAGUE ASSEMBLY TO CONVENE AT GENEVA

(Concluded from page 1)

munications, minorities and social questions are all of interest to the Assembly of the League.

This body also attempts to settle disputes among its members usually when they are referred to it by the Council. One of the major concerns of the League of Nations is the preservation of peace throughout the world, and any quarrel between nations is primarily a matter of League interest. The members of the League are specifically enjoined from engaging in hostilities by the Covenant of the League. Penalties are provided for in the event of defiance of League recommendations. The Assembly is the final judge of such matters.

### THE COUNCIL

However, the League Assembly is much too large and cumbersome to function smoothly and swiftly, and therefore much of the work is carried on and many of the decisions are made by the Council. This body may roughly be likened to a cabinet of ministers. It has a membership of fourteen nations, five permanent members—Great Britain, France, Japan, Germany and Italy—and nine non-permanent members. These latter, three of which are elected each year for a period of three years, consist of smaller nations. They do not have the advantage of being permanently represented on the Council, but when elected play an important part in its proceedings. The Council meets in ordinary session in January, May and September. Like the Assembly it may meet in extraordinary session and has done so on various occasions.

The Covenant of the League empowers the Council to deal with "any matter within the sphere of action of the League or affecting the peace of the world." In addition to these broad powers it has certain specific functions especially provided for in the Covenant. Thus it formulates plans for the reduction of armaments, it advises in cases of aggression, it acts as mediator between disputing nations, it appoints committees and commissioners, it supervises mandated territories. It decides concrete cases in carrying out League policies.

### THE SECRETARIAT

The Secretariat is the administrative machinery of the League. Like any government bureau it attends to the details once decisions have been made by the more important bodies. However, the League Secretariat has duties which are more than clerical and administrative in nature. The secretary general is one of the most powerful of League figures. He makes appointments with the approval of the Council. He is present and acts as secretary-general at all meetings of the Assembly

and Council. He is the first to take note of and to act when an emergency arises and it is his duty on such occasions to summon the Council into session. He or one of his deputies is *ex-officio* secretary of every League committee. In addition the agenda or programs for meetings of the Council and Assembly are prepared by the Secretariat. This body, therefore, while its duties are in the main administrative, is much more important than a mere civil service.

Lastly, we have the many committees, which, like our congressional bodies, do the bulk of the actual work of the League. The Assembly itself after its formal convening is divided into six committees. Each nation is represented on these committees which are miniature assemblies and each has one vote at committee meetings. Thus there is a committee on legal and constitutional questions, on technical organizations of the League, on the reduction of armaments, on budget and financial questions, on social and general questions and on political questions. In addition there is a credentials committee which passes on the membership of the Assembly; there is an agenda committee which disposes of proposals made during the session and lastly, a general committee which manages the Assembly proceedings.

There are besides numerous special committees established to perform specific tasks either for the Assembly or Council. Some are permanent and some temporary. They are technical and advisory in nature; they gather information, sift data and prepare reports for the consideration of the Assembly or Council. Without these organs the League could not function any more than the Congress in this country could carry on its work minus its many special agencies.

### PRESENT SESSION

This roughly is the organization of the League of Nations. In the twelve years of its existence it has grown into a large and complicated body. It is still in the process of evolution. Changes are being made from time to time as they appear necessary. For example, the Council was first intended to consist of five permanent and four non-permanent members. Actually it had only four permanent members as the United States did not assume the place which had been assigned to it. Later a fifth member was found when Germany joined the League in 1926. Likewise the number of non-permanent members was increased to six in 1922 and again to nine in 1926. The League is, therefore, still largely experimental. Many of its functions remain to be tested. Perhaps numerous changes and modifications are yet to be made.

As the thirteenth Assembly

meets this month an important test awaits the League, and for this reason the coming session is attended by unusual interest. It is probable that this fall the League will be called upon to prove its power to render international conflicts ineffective. During the past year two of its members, China and Japan, have become involved in a serious dispute over Manchuria. Hostilities have broken out in defiance of League regulations. It seems that either one or the other of the disputing nations is guilty of violating the League Covenant. This incident has from the very beginning been a matter of grave concern to the League. Since September 18, when Japanese troops captured Mukden, the Manchurian capital, the Council has made numerous efforts to settle the difficulty. In order to obtain information it established last

December a special commission of inquiry and sent it to the Far East to conduct investigations on the scene. This Lytton Commission has drafted an advisory report which is soon expected to be published.

### A TEST

Last March the incident was brought to the attention of the Assembly when, at the request of China, that body was called into extraordinary session. The Assembly turned over the question to a special nineteen power commission. This commission will largely base its conclusions on the Lytton report which will be placed at its disposal. Eventually, it seems, the matter will be brought once more to the attention of the full Assembly, either at the coming session or at an extraordinary session to be held in November. It may then be necessary to make decisions, to name the aggressor and to enforce League orders. It will be a critical moment in the life of the League which may be called upon to prove itself strong enough to dictate to a major world power.

This is the first time that the League has been brought face to face with a crisis of such magnitude, and there are many who think that the test will be decisive—either the League will emerge as a strong international body able to enforce its demands or it will be placed on the road to eventual collapse and disintegration. However, others are of the opinion that whatever the outcome, the League has made a definite place for itself in the world. It is the medium through which nations are able to adjust numerous minor difficulties. It is an organ through which lesser disagreements may be settled. It does much essential technical work and finally it is a valuable international forum. All this, many think, constitutes a solid foundation on which the League may rest irrespective of what may develop in the Far Eastern crisis.

This particular session is moreover interesting and critical because of the failure so far of the disarmament conference, brought about by the League, to arrive at a workable agreement providing for the limitation of armaments. The conference was convened last February and adjourned in July without any important accomplishment. It is scheduled to reconvene probably in January. Will the Assembly be able to pave the way for a successful continuation of the conference? Or will it develop that disarmament is a problem too great for the League? These are questions which many are asking as the hundreds of delegates assemble this September at Geneva.

## BUSINESS DEPRESSION

(Concluded from page 2)

try were equally pronounced. The shrinkage of exports resulted in a further collapse of commodity prices, particularly of such great export staples as cotton and wheat. This calamity in its turn produced its chain of adverse consequences throughout the entire economic and financial structure. The economic interdependence of the modern world was never more vividly portrayed.

It was not until July of the present year that the downward movement precipitated 15 months earlier had apparently spent its force. Since July there has been, as already noted, a very substantial rise in security prices—amounting in fact to nearly 100 per cent—over the panic prices which prevailed at the end of June, and there has also been an appreciable rise in the prices of many commodities; bringing a renewal of hope that real recovery is about to begin. Consideration of the significance of recent events must, however, be postponed for another issue.

This article furnishes a background or introduction for a series of interpretations of business developments which Dr. Moulton will contribute. Once a month he will discuss the industrial news of the month, evaluating reports and interpreting business trends.

## HAITI

American relations with Haiti will be altered by the terms of a treaty signed by representatives of the two countries on September 3 and made public by the Department of State in Washington a few days later. During the course of the past two decades or more, relations between this nation and the small Caribbean country have often been strained because of our policy of exerting considerable control over the internal affairs of Haiti.

By terms of the new agreement, much of this will be done away with. The marines are to be withdrawn as quickly as the affairs of Haiti permit national police forces to assume control. Already steps have been taken in this direction. By the end of 1934, American influence in Haiti will consist largely in retaining supervision over the customs collections—a step deemed necessary to insure the payment of loans made by American bankers



LOOKING ACROSS THE LAKE AT GENEVA



# Highlights of Platforms of Three Political Parties



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HERBERT HOOVER

## UNEMPLOYMENT AND RELIEF

**REPUBLICAN.** Opposes direct relief to the individual by the federal government, but promises a continuation of such relief measures as the Hoover administration has already put into effect, including an extension of the authority of the Reconstruction Finance Corporation to enable it:

(a) To make loans to political subdivisions of public bodies or private corporations for the purpose of starting construction of income-producing or self-liquidating projects which will at once increase employment;

(b) To make loans upon security of agricultural commodities so as to insure the carrying of normal stocks of those commodities, and thus stabilize their loan value and price levels;

(c) To make loans to the Federal Farm Board to enable extension of loans to farm cooperatives and loans for export of agricultural commodities to quarters unable otherwise to purchase them; . . .

We believe in the principle of high wages.

We favor the principle of the shorter working week and shorter work day, with its application to government as well as to private employment as rapidly and as constructively as conditions will warrant.

We favor legislation designed to stimulate, encourage and assist in home building.

**DEMOCRATIC.** Extension of federal credit to the states to provide unemployment relief wherever the diminishing resources of the states make it impossible for them to provide for the needy; expansion of the federal program of necessary and useful construction affected with a public interest, such as flood control and waterways, including the St. Lawrence—Great Lakes deep waterways; the spread of employment by a substantial reduction in the hours of labor, the encouragement of the shorter week by applying that principle in government service; advance planning of public works.

**SOCIALIST.** A federal appropriation of \$5,000,000,000 for immediate relief for those in need, to supplement state and local appropriations.

A federal appropriation of \$5,000,000,000 for public works and roads, reforestation, slum clearance and decent homes for the workers, by federal government, states and cities.

Legislation providing for the acquisition of land, buildings and equipment necessary to put the unemployed to work producing food, fuel and clothing and for the erection of houses for their own use.

The six-hour day and the five-day week without a reduction of wages.

A comprehensive and efficient system of free public employment agencies.

A compulsory system of unemployment compensation with adequate benefits, based on contributions by the government and by employers.

Old-age pensions for men and women sixty years of age and over.

Health and maternity insurance.

Improved systems of workmen's compensation and accident insurance.

The abolition of child labor.

Government aid to farmers and small home-owners to protect them against mortgage foreclosures and a moratorium on sales for non-payment of taxes by destitute farmers and unemployed workers.

Adequate minimum wage laws.

## GOVERNMENT EXPENDITURES

**REPUBLICAN.** Constructive plans, for financial stabilization cannot be completely organized until our national, state and municipal governments not only balance their budgets but curtail their current expenses as well to a level which can be steadily and economically maintained for some years to come.

We urge prompt and drastic reduction of public expenditure and resistance to every appropriation not demonstrably necessary to the performance of the essential functions of government, national or local.

**DEMOCRATIC.** An immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of federal government; and we call upon the Democratic Party in the states to make a zealous effort to achieve a proportionate result.

Maintenance of the national credit by a federal budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

**SOCIALIST.** Not mentioned.

## TAXATION AND FINANCE

**REPUBLICAN.** The time has come for a reconsideration of our tax systems, federal, state and local, with a view to developing a better coordination, reducing duplication and relieving unjust burdens. The Republican Party pledges itself to this end.

**DEMOCRATIC.** "A system of taxation levied on the principle of ability to pay."

**SOCIALIST.** 1. Steeply increased inheritance taxes and income taxes on the higher incomes and estates of both corporations and individuals.

2. A constitutional amendment authorizing the taxation of all government securities.

## AGRICULTURE

**REPUBLICAN.** Urges assistance to cooperative marketing associations, revision of tariff to maintain protection of farm products; praises work of Farm Board.

The burden of taxation borne by the owners of farm land constitutes one of the major problems of agriculture. The tax burden upon real estate is wholly out of proportion to that upon other forms of property and income. There is no farm relief more needed today than tax relief.

**DEMOCRATIC.** For the restoration of agriculture, the nation's basic industry, better financing of farm mortgages through reorganized farm bank agencies at low rates of interest, on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure; extension and development of the farm cooperative movement and effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.

Enactment of every constitutional measure that will aid the farmer to receive for basic farm commodities prices in excess of cost of production.

**SOCIALIST.** 1. The reduction of tax burdens, by a shift from taxes on farm property to taxes on incomes, inheritances, excess profits and other similar forms of taxation.

2. Increased federal and state subsidies to road building and educational and social services for rural communities.

3. The creation of a federal marketing agency for the purchase and marketing of agricultural products.

4. The acquisition by bona fide cooperative societies and by governmental agencies of grain elevators, stockyards, packing houses and warehouses, and the conduct of these services on a non-profit basis. The encouragement of farmers' cooperative societies and of consumers' cooperatives in the cities, with a view of eliminating the middle-man.

5. The socialization of federal land banks and the extension by these banks of long-term credit to farmers at low rates of interest.

6. Social insurance against losses due to

adverse weather conditions.

7. The creation of national, regional and state land utilization boards for the purpose of discovering the best uses of the farming land of the country, in view of the joint needs of agriculture, industry, recreation, water supply, reforestation, etc., and to prepare the way for agricultural planning on a national and, ultimately, on a world scale.

## BANKING SYSTEM

**REPUBLICAN.** There is need of revising the banking laws so as to place our banking structure on a sounder basis generally for all concerned, and for the better protection of the depositing public there should be more stringent supervision and broader powers vested in the supervising authorities. We advocate such a revision.

One of the serious problems affecting our banking system has arisen from the practice of organizing separate corporations, under and controlled by the same interests as banks, but participating in operations which the banks themselves are not permitted legally to undertake. We favor requiring reports of and subjecting to thorough and periodic examination all such affiliates of member banks until adequate information has been acquired on the basis of which this problem may definitely be solved in a permanent manner.

**DEMOCRATIC.** Quicker methods of realizing on assets for the relief of depositors of suspended banks, and a more rigid supervision of national banks for the protection of depositors and the prevention of the use of their moneys in speculation to the detriment of local credits.

The severance of affiliated securities companies and the divorce of underwriting schemes from commercial banks; and further restriction of Federal Reserve banks in permitting the use of Federal Reserve facilities for speculative purposes.

**SOCIALIST.** Socialization of our credit and currency system and the establishment of a unified banking system, beginning with the complete governmental acquisition of the Federal Reserve banks and the extension of the services of the Postal Savings banks to cover all departments of the banking business and the transference of this department of the postoffice to a government-owned banking corporation.

## TARIFF

**REPUBLICAN.** The Republican Party has always been the staunch supporter of the American system of protective tariff, and it intends to continue in this position. Because many foreign countries have recently abandoned the gold standard, as a result of which the costs of many commodities produced in such countries have, at least for the time being, fallen materially in terms of American currency, adequate tariff protection is today particularly essential to the welfare of the American people.

Therefore, if it is deemed advisable by the Tariff Commission, the Republican Party pledges itself to even higher rates on certain commodities than now exist under the Hawley-Smoot tariff law.

**DEMOCRATIC.** A competitive tariff for revenue, with a fact-finding tariff commission free from executive interference; reciprocal tariff agreements with other nations and international economic conference designed to restore international trade and facilitate exchange. We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than forty countries, created international economic hostilities, destroyed international trade, driven our factories into foreign countries, robbed the American farmer of his foreign markets and increased his cost of production.

**SOCIALIST.** The creation of international economic organizations on which labor is adequately represented, to deal with problems of raw material, investments, money, credit, tariffs and living standards from the viewpoint of the welfare of the masses throughout the world.

## PROHIBITION

**REPUBLICAN.** Submission to the states of a constitutional amendment modifying the eighteenth amendment, so that sale of liquor might be legalized by states wishing to take that action, with provision that the saloon must not return.

**DEMOCRATIC.** Repeal of the eighteenth amendment. Recommendation to Democrats within the various states that they work within these states against return of saloon. Pending constitutional action, revision of Volstead Act by Congress, permitting sale of wine and beer.

**SOCIALIST.** Repeal the eighteenth amendment, and take over the liquor industry under government ownership and control, with the right of local option for each state to maintain prohibition within its borders.

## INTERNATIONAL RELATIONS

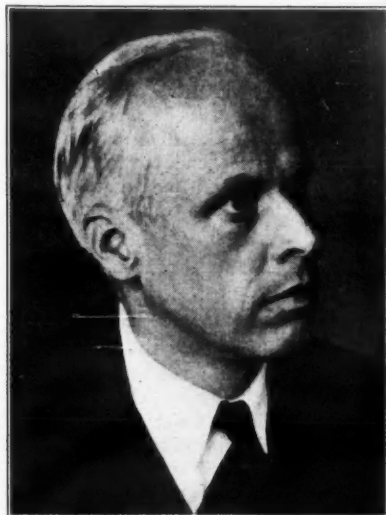
**REPUBLICAN.** Protection of national interests wherever threatened. Settlement of international difficulties by lawful methods. Support of principle that a violation of the Kellogg Pact is a matter of international concern and that the United States should not "recognize any situation, treaty or agreement brought about between Japan and China by force and in defiance of the Kellogg Pact." Participation by the government in international conference whenever the Kellogg Pact is threatened. Acceptance of membership in the World Court. The war debt issue is not mentioned.

**DEMOCRATIC.** A firm foreign policy including: Peace with all the world and the settlement of international disputes by arbitration; no interference in the internal affairs of other nations; the sanctity of treaties, and the maintenance of good faith and of good will in financial obligations; adherence to the World Court with the pending reservations; the Pact of Paris, abolishing war as an instrument of national policy, to be made effective by provisions for consultation and conference in case of threatened violation of treaties; international agreement for reduction of armaments, and cooperation with nations of the western hemisphere to maintain the spirit of the Monroe Doctrine. We oppose cancellation of the debts owing to the United States by foreign nations.

**SOCIALIST.** Reduction of armaments with or without international agreement; recognition of Russia; cancellation of war debts; entrance of the United States into World Court and League of Nations; abandonment of military intervention of the United States in other countries.

## CONTROL OF INDUSTRY

Republicans and Democrats stand for individualism and oppose entrance of the government into fields now occupied by private enterprise except where necessary as emergency measures. The Socialists call for public ownership and democratic control of mines, forests, oil and power resources, public utilities dealing with light and power, transportation and communications and other basic industries.



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